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天津津燃公用事業股份有限公司

TIANJIN JINRAN PUBLIC UTILITIES COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 01265)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	**2016**	2015
		RMB'000	*RMB'000*
CONTINUING OPERATIONS			
REVENUE	*3*	**1,198,149**	1,322,843
Cost of sales		**(1,168,517)**	(1,295,754)
Gross profit		**29,632**	27,089
Other income and gains		**41,253**	43,692
Administrative expenses		**(22,583)**	(25,854)
Other expenses		**(706)**	(4,963)
Share of profit and loss of an associate		**2,541**	8,915
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**50,137**	48,879
Income tax expense	*5*	**(11,008)**	(10,174)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**39,129**	38,705
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation		**(2,354)**	(2,353)
PROFIT FOR THE YEAR		**36,775**	36,352

	Notes	2016 RMB'000	2015 RMB'000
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**36,775**	36,352
Attributable to:			
Owners of the parent		**37,475**	37,004
Non-controlling interests		**(700)**	(652)
		36,775	36,352
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*7*		
Basic/Diluted			
– For profit for the year		**RMB2.0 cents**	RMB2.0 cents
– For profit from continuing operations		**RMB2.1 cents**	RMB2.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	**2016** **RMB'000**	2015 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**868,524**	865,636
Prepaid land lease payments		**11,526**	11,828
Intangible assets		**376**	422
Investment in an associate		**45,413**	44,452
Deferred tax assets		**16,394**	11,687
Prepayment for pipeline reconstruction		**11,523**	11,019
Total non-current assets		**953,756**	945,044
CURRENT ASSETS			
Inventories		**3,446**	3,853
Trade receivables	*8*	**205,763**	211,915
Prepayments, deposits and other receivables		**47,710**	39,665
Available-for-sale investments		**404,181**	–
Cash and cash equivalents		**741,061**	1,003,009
		1,402,161	1,258,442
Assets of a disposal group classified as held for sale		**5,814**	7,725
Total current assets		**1,407,975**	1,266,167
CURRENT LIABILITIES			
Trade and bills payables		**250,226**	220,196
Other payables and accruals		**337,373**	270,005
Dividend payable		**10,975**	10,975
Tax payable		**2,937**	1,162
		601,511	502,338
Liabilities directly associated with the assets classified as held for sale		**2,570**	2,568
Total current liabilities		**604,081**	504,906
NET CURRENT ASSETS		**803,894**	761,261
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,757,650**	1,706,305
NON-CURRENT LIABILITIES			
Deferred income		**50,599**	36,029
Net assets		**1,707,051**	1,670,276

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Share capital		**183,931**	183,931
Share premium and reserves		**1,525,818**	1,488,343
		1,709,749	1,672,274
Non-controlling interests		**(2,698)**	(1,998)
Total equity		**1,707,051**	1,670,276

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Attributable to owners of the parent							
	Share capital *RMB'000*	Share premium* *RMB'000*	Statutory surplus reserve* *RMB'000*	Enterprise expansion fund* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2016	**183,931**	**788,703**	**73,416**	**31,290**	**594,934**	**1,672,274**	**(1,998)**	**1,670,276**
Profit for the year	**–**	**–**	**–**	**–**	**37,475**	**37,475**	**(700)**	**36,775**
Other comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**37,475**	**37,475**	**(700)**	**36,775**
Transfer from retained profits	**–**	**–**	**3,669**	**1,834**	**(5,503)**	**–**	**–**	**–**
At 31 December 2016	**183,931**	**788,703**	**77,085**	**33,124**	**626,906**	**1,709,749**	**(2,698)**	**1,707,051**

Year ended 31 December 2015

	Attributable to owners of the parent							
	Share capital *RMB'000*	Share premium* *RMB'000*	Statutory surplus reserve* *RMB'000*	Enterprise expansion fund* *RMB'000*	Retained profits* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2015	183,931	788,703	66,658	27,911	568,067	1,635,270	(1,346)	1,633,924
Profit for the year	–	–	–	–	37,004	37,004	(652)	36,352
Other comprehensive income for the year	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	37,004	37,004	(652)	36,352
Transfer from retained profits	–	–	6,758	3,379	(10,137)	–	–	–
At 31 December 2015	183,931	788,703	73,416	31,290	594,934	1,672,274	(1,998)	1,670,276

* *These reserve accounts comprise the consolidated share premium and reserves of RMB1,525,818,000 (2015: RMB1,488,343,000) in the consolidated statement of financial position.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

1. GENERAL

Tianjin Jinran Public Utilities Company Limited (the "Company") was established in the People's Republic of China (the "PRC") as a joint stock limited company. Its holding company is 天津市燃氣集團有限公司 ("Tianjin Gas") and its ultimate holding company is Tianjin Energy Investment Company Limited（天津能源投資集團有限公司）("Tianjin Energy"), of which all equity interests are held by the Tianjin Municipal Government. The Company's overseas listed foreign shares ("H Shares") were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 January 2004. In June 2007, the Company transformed into a foreign invested joint stock limited company. The Company's listing has been transferred from the GEM to the Main Board of the Stock Exchange since 18 October 2011. On 20 June 2012, the Company changed its name from Tianjin Tianlian Public Utilities Company Limited（天津天聯公用事業股份有限公司）to Tianjin Jinran Public Utilities Company Limited（天津津燃公用事業股份有限公司）. A new business license under the new name of the Company was issued by the Tianjin Administration of Industry and Commerce Bureau（天津市工商行政管理局）on 17 August 2012.

The Company's registered address is Weishan Road, Chang Qing Science, Industry and Trade Park, Jinnan District, Tianjin. The principal activities of the Company are the operation and management of gas pipeline infrastructure and the sale and distribution of piped gas.

Principal operations of the Company and its subsidiaries (the "Group") are conducted in Mainland China. The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs

The application of the amendments to HKFRSs in the current year and prior years and/or the disclosures are set out in these consolidated financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

[1] Effective for annual periods beginning on or after 1 January 2017
[2] Effective for annual periods beginning on or after 1 January 2018
[3] Effective for annual periods beginning on or after 1 January 2019
[4] No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. During 2016, the Group performed a high-level assessment of the impact of the adoption of HKFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of HKFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of HKFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value.

(b) Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of HKFRS 9.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. During the year ended 31 December 2016, the Group performed a preliminary assessment on the impact of the adoption of HKFRS 15. The directors of the Company anticipate that the application of HKFRS 15 will have no material impact on the timing and amounts of revenue recognised in the respective reporting periods.

3. REVENUE

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of construction contracts; the value of services rendered; and gross rental income received and receivable from investment properties during the year.

An analysis of revenue, other income and gains from continuing operations is as follows:

	2016	2015
	RMB'000	*RMB'000*
Revenue		
Sale of piped gas	**1,069,074**	1,173,572
Gas connection income	**110,947**	120,934
Gas transportation income	**5,954**	3,575
Sales of gas appliances	**12,174**	24,762
	1,198,149	1,322,843

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Sales of piped gas – sales of piped gas to industrial and residential users;

(b) Gas connection – provision of piped gas connection services;

(c) Gas transportation – transportation of gas; and

(d) Sales of gas appliances.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Year ended 31 December 2016	**Sales of piped gas** *RMB'000*	**Gas connection** *RMB'000*	**Gas transportation** *RMB'000*	**Sales of gas appliances** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	**1,069,074**	**110,947**	**5,954**	**12,174**	**1,198,149**
Segment results	**(37,366)**	**63,356**	**260**	**3,382**	**29,632**
Reconciliation:					
Share of profit and loss of an associate					**2,541**
Other income and gains					**41,253**
Other expenses					**(706)**
Corporate and other unallocated expenses					**(22,583)**
Profit before tax from continuing operations					**50,137**

Year ended 31 December 2015	**Sales of piped gas** *RMB'000*	**Gas connection** *RMB'000*	**Gas transportation** *RMB'000*	**Sales of gas appliances** *RMB'000*	**Total** *RMB'000*
Segment revenue:					
Sales to external customers	1,173,572	120,934	3,575	24,762	1,322,843
Segment results	(38,808)	64,728	(2,955)	4,124	27,089
Reconciliation:					
Share of profit and loss of an associate					8,915
Other income and gains					43,692
Other expenses					(4,963)
Corporate and other unallocated expenses					(25,854)
Profit before tax from continuing operations					48,879

No analysis of the Group's assets and liabilities by operating segment is disclosed as they are not regularly provided to the board (the "Board") of the directors (the "Director(s)") of the Company for review.

Geographical information

All revenue from continuing operations was generated in Mainland China and all non-current assets of the continuing operations were located in Mainland China.

Information about a major customer

Revenue from continuing operations of approximately RMB170,808,000 (2015: RMB216,850,000) was derived from sales by the piped gas segment to a single customer, including sales to a group of entities which are known to be under common control with that customer.

5. INCOME TAX

Income tax has been provided at the rate of 25% (2015: 25%) on the estimated assessable profits arising in Mainland China during the year.

	2016	2015
	RMB'000	*RMB'000*
Current – Mainland China Charge for the year	**15,715**	14,170
Deferred	**(4,707)**	(3,996)
Total tax charge for the year	**11,008**	10,174

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the country in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2016		**2015**	
	RMB'000	*%*	*RMB'000*	*%*
Profit before tax from continuing operations	**50,137**		48,879	
Tax at the statutory tax rate	**12,535**	**25.00**	12,220	25.00
Profits and losses attributable to an associate	**(635)**	**(1.27)**	(2,229)	(4.56)
Recognition of unrecognised temporary difference of previous years	**(1,022)**	**(2.04)**	–	–
Expenses not deductible for tax	**64**	**0.13**	102	0.21
Tax losses not recognised	**66**	**0.13**	81	0.17
Tax charge at the Group's effective rate	**11,008**	**21.95**	10,174	20.82

6. DIVIDEND

No dividend was declared or proposed during the year ended 31 December 2016, nor any dividend been proposed since the end of reporting period.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,839,307,800 (2015: 1,839,307,800) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2016 and 2015.

The calculations of basic and diluted earnings per share are based on:

	2016	2015
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation:		
From continuing operations	**39,129**	38,705
From a discontinued operation	**(1,654)**	(1,701)
	37,475	37,004

	Number of shares	
	2016	2015
	RMB'000	*RMB'000*
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,839,307,800**	1,839,307,800

8. TRADE RECEIVABLES

	2016 *RMB'000*	2015 *RMB'000*
Trade receivables	**187,292**	139,493
Notes receivable	**28,948**	83,899
Impairment	**(10,477)**	(11,477)
	205,763	211,915

Most of the trade receivables and other receivables impaired were past due for over one year as at the end of the reporting period with no subsequent settlement records.

The Group has a policy of allowing an average credit period of 90 days to its customers, and up to 180 days for certain customers with long-established relationship and good repayment history.

The impairment of receivables is made based on the assessment of the recoverability of the receivables due from customers. When determining whether a trade receivable is collectable, significant management judgement is involved. Management considers various factors which included the age of the balance, location of customers, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2016 *RMB'000*	2015 *RMB'000*
Within 3 month	**183,645**	173,139
3 to 6 months	**10,611**	1,424
6 to 9 months	**765**	1,097
9 to 12 months	**4,966**	14,641
Over 1 year	**5,776**	21,614
	205,763	211,915

The movements in provision for impairment of trade receivables are as follows:

	2016 *RMB'000*	2015 *RMB'000*
At beginning of year	**11,477**	7,141
Impairment losses recognised	**–**	5,652
Amount written off as uncollectible	**–**	–
Impairment losses reversed	**(1,000)**	(1,316)
	10,477	11,477

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB10,477,000 (2015: RMB11,477,000) with a carrying amount before provision of RMB10,477,000 (2015: RMB11,477,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2016	2015
	RMB'000	*RMB'000*
Neither past due nor impaired	**165,308**	90,664
Less than 3 month past due	**765**	1,097
3 to 6 months past due	**4,966**	14,641
6 months to 1 year past due	**4,275**	11,956
Over 1 years past due	**1,501**	9,658
	176,815	128,016

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the Group's trade receivables are amounts due from its joint ventures of Tianjin Gas and fellow subsidiaries of RMB880,000 (2015:RMB22,957,000) and RMB13,065,000(2015:RMB37,426,000),respectively, which are repayable on credit terms similar to those offered to the major customers of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the year of 2016, in order to maintain the sustainable development of the Group, the Board and the management have committed to, on one hand, developing new markets, and as the consumption of original users decreases, explore new gas users and, on the other hand, enhancing internal control and cost management, as well as taking the initiative to optimise management in business development, daily operations and compliance matters.

FINANCIAL REVIEW

For the year ended 31 December 2016 (the "Year"), the Group reported a revenue of approximately RMB1,198,149,000, representing a decrease of approximately 9.43% as compared with the year ended 31 December 2015 (the "Previous Year"). The gross profit margin increased from approximately 2.05% for the Previous Year to approximately 2.47% for the year ended 31 December 2016. The profit before tax from continuing operations for the year ended 31 December 2016 amounted to approximately RMB50,137,000 (2015: approximately RMB48,879,000) representing an increase of approximately 2.57% from the Previous Year.

The Company's total profit for the Year remained at similar level to the Previous Year. In the coming financial year, the Company will further enhance market expansion efforts, seize the opportunity of the shift from coal to gas, and explore profit growth points.

SEGMENTAL INFORMATION ANALYSIS

During the Year, the Group has continued to implement its formulated development strategies to provide piped gas connections, to the users in the Group's operational locations in Tianjin City and Jining, Inner Mongolia. Sales of piped gas is the major source of income for the Group, which is followed by gas connection, sales of gas appliances and gas transportation.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group is generally funded by equity financing. As at 31 December 2016, the Group had no bank borrowings.

The Group mostly uses Renminbi in its ordinary business operation and it had not used any financial instrument for currency hedging purposes, as it considers that its exposure to fluctuations in exchange rates is only minimal.

The Group's gearing ratio (total liabilities to total asset rate) as at 31 December 2016 was approximately 0.28 (as at 31 December 2015: approximately 0.24).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no material contingent liabilities or guarantees.

STAFF AND EMOLUMENT POLICY

As at 31 December 2016, the Group had a workforce of 892 full-time employees. The total employee costs were approximately RMB82,396,854.49.

Emoluments of employees were determined by the common practice of the industry as well as individual performance of employees. In addition to regular salaries, the Group also paid discretionary bonus to eligible employees subject to the Group's operating results and individual performance of employees. The Group also made contributions to medical welfare and retirement funds as well as provided other benefits to all employees.

PROSPECTS

Development of the PRC Gas Sector

During the "13th Five – Year Plan", optimising energy structure and managing environmental pollution at the national level will be the most significant driving force for natural gas consumption in China. Since 2013, China has successively released such framework documents such as the Plan of Action for the Prevention of Air Pollution (《大氣污染防治行動計劃》), Detailed Rules for Implementation of the Action Plans for the Prevention and Control of Air Pollution in the Beijing-Tianjin-Hebei Region and the Surrounding Regions (《京津冀及周邊地區落實大氣污染防治行動計劃實施細則》), and the Plan for Strengthening the Prevention and Control of Atmospheric Pollution in Energy Industry (《能源行業加強大氣污染防治工作方案》). In November 2014, China and the USA issued a joint statement in respect of dealing with climate change in Beijing, formally proposing for the first time that China's carbon emissions will reach its peak in 2030 and China will put effort for early achievement. In accordance with the Action Plan for Energy Development Strategy (2014-2020) (《能源發展戰略行動計劃(2014-2020年)》) released by the State Council, the proportion of natural gas among primary energy consumption will increase to 10% or more by 2020.

The new Natural Gas Utilization Policy (《天然氣利用政策》) issued in 2013 further indicates the future development direction for China's natural gas utilization. In urban gas field, China's new urbanization is being promoted constantly. The annual average population of gasification is around 30 million people and national urban gasification rate will reach more than 60% by 2020. As a result, natural gas will become the main fuel of urban residents. In respect of the transportation area, natural gas will become the main fuel for most taxis in middle or small-scale cities. Buses in large and medium-scale cities will also gradually become clean gas-fueled. Liquefied natural gas (LNG) vehicles will further expand to intercity coaches and heavy trucks, and the application of LNG to ships and trains will begin. Natural gas will become a competitive fuel in public transportation. In respect of the industrial field, the progress of substituting natural gas as industrial fuel will be fully accelerated, especially in Bohai Bay Rim area, where coal-burning boilers will be substituted, and traditional industries, such as iron, steel and ceramics etc, will be upgraded so as to manage air pollution, and central and western regions where the industrial structure of traditional industries will be transferred to. As such, the natural gas consumption in industrial field will be promoted. In respect of natural gas power generation, natural gas peak power stations will be orderly developed and natural gas distributed energy development will be the priority in air pollution control districts such as Beijing, Tianjing, Hebei and Shandong, Yangtze River delta and the Pearl River delta. It is expected that by 2020, urban and industrial consumption will account for over 60% of the total gas consumption. Domestic and overseas consulting agencies forecast that natural gas consumption will reach 300 billion to 360 billion cubic meters in 2020.

Looking ahead, based on the analysis in respect of external environment and inner abilities as well as resources, the Company is positioned as a clean energy integrated solution provider, aiming to maximize returns for its shareholders. The Company plans to expand in the following areas:

- On the premise of ensuring the strategic direction and business needs, lay emphasis on five principles, which are strategic orientation, economical efficiency, financing matching, risk prevention and order of priority, to achieve continuing growth of net cash flows.

- Continue to improve the financial management system, with a view to reducing operating costs, and maximize the benefits from project operations.

- Continue to strengthen the support of scientific and technological innovation to the businesses of the Company, enhance the introduction and development of advanced technologies, as well as apply such advanced technologies to the production management and the internal management.

- Continue to improve the operation management system and mechanism, with emphasis on operation security, optimize management methods and means and promote the pre-control safety management, so as to ensure safe operation.

- Continue to strengthen the talent team construction, drive management change with strategic change, expand existing businesses with incremental business and inspire employees with entrepreneurial teams, so as to contribute a chain reaction to the corporation.

CONNECTED TRANSACTIONS

Continuing Connected Transaction in Relation to Gas Pipeline Lease Agreement

On 25 April 2016, the Company and 天津濱海燃氣集團有限公司 (Tianjin Binhai Gas Group Company Limited*) ("Binhai Gas Group") entered into a gas pipeline lease agreement (the "Gas Pipeline Lease Agreement") in respect of the lease of the high pressure gas pipelines extending from the intersection of Dong Jin Road（東金路）and Yang Bei Road（楊北公路）in Dongli District（東麗區）, Tianjin to the intersection of Xin Gang No.8 Road（新港八號路）and Yue Jin Road（躍進路）in Tanggu District（塘沽區）, Tianjin, measuring approximately 30 km, which is owned and managed by the Company, to Binhai Gas Group for natural gas transmission for the period from 1 May 2016 to 30 April 2019. Pursuant to the gas pipeline lease agreement, Binhai Gas Group will pay to the Company the gas pipeline lease fee, which is RMB4,000,000, RMB6,000,000 and RMB6,000,000 for the three years ending 31 December 2018, respectively.

Tianjin Gas is the controlling shareholder of the Company, and thus a connected person of the Company. Binhai Gas Group is a wholly-owned subsidiary of Tianjin Gas and thus also a connected person of the Company.

As each of the applicable percentage ratios for the annual caps of the Gas Pipeline Lease Agreement for each of the three years ending 31 December 2018 was, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Gas Pipeline Lease Agreement were exempt from the independent shareholders' approval requirement and were subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 25 April 2016.

Continuing Connected Transaction in Relation to Pipeline Construction and Design Services

On 29 April 2016, the Company and Tianjin Energy entered into a pipeline construction and design agreement (the "Pipeline Construction and Design Agreement") in respect of the provision of pipeline construction and design services by Tianjin Energy and/or its associated companies upon successful bids for gas pipeline construction contracts put out to tender from time to time by the Group in accordance with the tendering procedures set by the Group from time to time for the period from 29 April 2016 to 31 December 2018. The annual cap for three years ending 31 December 2018 is RMB30,000,000, RMB30,000,000 and RMB30,000,000 respectively.

Tianjin Energy owns the entire equity interest in Tianjin Gas, a controlling shareholder of the Company, and thus Tianjin Energy is a connected person of the Company.

As each of the applicable percentage ratios for the annual caps of the Pipeline Construction and Design Agreement for each of the three years ending 31 December 2018 is, on an annual basis, more than 0.1% but less than 5%, the transactions contemplated under the Pipeline Construction and Design Agreement were exempt from the independent shareholders' approval requirement and were only subject to the annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 31 December 2012, 12 July 2013 and 29 April 2016.

Connected Transaction in Relation to Installation Services of Gas Meters

On 8 June 2016, the Company entered into an installation services agreement (the "Installation Services Agreement") with 天津市益銷燃氣工程發展有限公司 (Tianjin Yixiao Construction Development Limited*) ("Tianjin Yixiao"), pursuant to which Tianjin Yixiao agreed to provide installation services of indoor gas meters in Tianjin at a consideration of RMB10,240,000.

Tianjin Gas is a controlling shareholder of the Company, and thus a connected person of the Company. As at the date of the Installation Services Agreement, Tianjin Yixiao was owned as to 75% by 天津市眾元天然氣工程有限公司 (Tianjin Zhongyuan Natural Gas Engineering Limited*) ("Tianjin Zhongyuan") (a subsidiary of Tianjin Gas) and 25% by 天津市允孚燃氣科貿有限公司 (Tianjin Yunfu Natural Gas Trade Limited*) ("Tianjin Yunfu") (a subsidiary of Tianjin Gas) respectively and thus a connected person of the Company.

As all of the applicable percentage ratios for the Installation Services Agreement were more than 0.1% but below 5%, the Installation Services Agreement and the transactions contemplated thereunder were subject to the annual review, reporting and announcement requirements but were exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 8 June 2016.

Connected Transaction in Relation to Purchase of Gas Meters

On 30 June 2016, the Company entered into a purchase and sales agreement (the "Purchase and Sales Agreement") with 天津市裕民燃氣表具有限公司 (Tianjin Yumin Gas Meter Co., Ltd*) ("Tianjin Yumin"), pursuant to which Tianjin Yumin agreed to sell and the Company agreed to purchase 40,000 gas meters at an aggregate purchase price of RMB14,000,000.

Tianjin Gas is a controlling shareholder of the Company, and thus a connected person of the Company. Tianjin Yumin is a subsidiary of Tianjin Gas and thus also a connected person of the Company.

As one or more of the applicable percentage ratios for the Purchase and Sales Agreement were more than 0.1% but below 5%, the Purchase and Sales Agreement and the transaction contemplated thereunder were subject to the reporting and announcement requirements but were exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 30 June 2016.

DIVIDENDS

No dividend was proposed during 2016, nor has any dividend been proposed since 31 December 2016 (2015: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2016, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CODE

The Company recognises the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability, earning the confidence of shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all shareholders.

The Company's corporate governance practices are based on the code provisions as set out in Appendix 14 to the Listing Rules.

The Company had complied with all the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules during the year ended 31 December 2016.

CORPORATE CHANGES

Change of Supervisor

On 15 January 2016, the Board announced that Mr. Xue Youzhi（薛有志）(“Mr. Xue”) had proposed to resign from his position as the independent supervisor of the Company (the “Supervisor”) due to his personal work commitments to accord with the relevant requirements of 中華人民共和國教育部 (The Ministry of Education of the People’s Republic of China*). On 25 April 2016, the supervisory committee of the Company proposed to appoint Mr. Liu Zhi Yuan（劉志遠）(“Mr. Liu”) as an independent Supervisor. On 22 June 2016, the appointment of Mr. Liu as an independent Supervisor had been approved by the shareholders of the Company at the annual general meeting to fill the vacancy and the resignation of Mr. Xue became effective on the same day.

For details of the change of Supervisor, please refer to the announcements of the Company dated 15 January 2016, 25 April 2016 and 22 June 2016.

Change in Auditors

Deloitte Touche Tohmatsu (“Deloitte”) has resigned as auditor of the Company with effect from 18 November 2016. Deloitte has decided to cease to act as the Company’s auditor as Deloitte and the Company could not reach a consensus on the audit fee for the audit of the consolidated financial statements of the Group for the financial year ended 31 December 2016.

On the same day, Ernst & Young has been appointed as the auditor of the Company to fill the casual vacancy following the resignation of Deloitte.

For details of the change in auditors, please refer to the announcement of the Company dated 18 November 2016.

SIGNIFICANT EVENT

Subscription of Wealth Management Products

On 3 February 2016, the Company entered into wealth management agreements (the “First Wealth Management Agreements”) to subscribe for the 中國銀行人民幣「按期開放」理財產品 (RMB “Open-ended Product with due dates” Product of Bank of China Limited*) and 平安銀行對公結構性存款（掛鉤利率）產品 (Structured Corporate Deposits (Interest rate linked) Product of Ping An Bank*) in the subscription amounts of RMB200 million each (equivalent to approximately HK$236 million as at 3 February 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under each of the First Wealth Management Agreements exceeded 5% but was less than 25%, the transaction contemplated under each of the First Wealth Management Agreements constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transactions, please refer to the announcement of the Company dated 3 February 2016.

On 4 February 2016, the Company entered into wealth management agreements (the "Second Wealth Management Agreements") with 中國農業銀行股份有限公司 (Agricultural Bank of China Limited*) and 齊魯銀行股份有限公司 (Qilu Bank Company Limited*) to subscribe for 中國農業銀行「本利豐」定向人民 幣理財產品 ("Benlifeng" oriented RMB Wealth Management Product of Agricultural Bank*) and 齊魯銀行「泉心理財」暢盈九洲惠利514號人民幣理財產品 ("Quanxin" Wealth Management "Chang Ying Jiu Zhou Hui Li" No.514 RMB Wealth Management Product of Qilu Bank*) in the subscription amounts of RMB200 million each (equivalent to approximately HK$236 million as at 4 February 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under each of the Second Wealth Management Agreements exceeded 5% but was less than 25%, the transaction contemplated under each of the Second Wealth Management Agreements constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transactions, please refer to the announcement of the Company dated 4 February 2016 and 5 February 2016.

On 4 August 2016, the Company entered into a wealth management agreement with Industrial Bank Co., Ltd (the "Industrial Bank Wealth Management Agreement") to subscribe for the 興業銀行企業金融結構性存款產品 (Corporate Finance Structured Deposits Product of Industrial Bank*) in the subscription amount of RMB200 million (equivalent to approximately HK$232 million as at 4 August 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Industrial Bank Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the Industrial Bank Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 4 August 2016.

On 12 August 2016, the Company entered into a wealth management agreement with Industrial and Commercial Bank of China Limited (the "ICBC Wealth Management Agreement") to subscribe for the 中國工商銀行保本型「隨心E」法人人民幣理財產品 (ICBC Principal Guaranteed Corporate "Sui Xin E" RMB Wealth Management Product*) in the subscription amount of RMB200 million (equivalent to approximately HK$232 million as at 12 August 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the ICBC Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the ICBC Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 12 August 2016.

On 19 August 2016, the Company entered into a wealth management agreement with China Everbright Bank Co., Ltd. (the "Everbright Bank Wealth Management Agreement") to subscribe for the structured deposit product in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 19 August 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Everbright Bank Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the Everbright Bank Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 19 August 2016.

On 23 August 2016, the Company entered into a wealth management agreement with China CITIC Bank Corporation Limited (the "CITIC Bank Wealth Management Agreement") to subscribe for the 中信理財之共贏保本步步高升B款人民幣理財產品 (CITIC Wealth-Win-Win Principal Guaranteed "Bu Bu Gao Sheng" Type B RMB Wealth Management Product*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 23 August 2016).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the CITIC Bank Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the CITIC Bank Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the Company dated 23 August 2016.

IMPORTANT EVENT(S) AFTER REPORTING PERIOD

Subscription of Wealth Management Products

On 22 February 2017, the Company entered into a wealth management agreement with Shanghai Pudong Development Bank (Tianjin Branch) (the "PDB Wealth Management Agreement") to subscribe for the 利多多對公結構性存款固定持有期產品(保證收益型) (Liduoduoduigong Structured Deposit Fixed-term Product) (Guaranteed Income)*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 22 February 2017).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the PDB Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the PDB Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the 22 February 2017.

On 27 February 2017, the Company entered into a wealth management agreement with Tianjin Binhai Rural Commercial Bank (Tianjin Branch) (the "Binhai Wealth Management Agreement") to subscribe for the 濱海金芒果穩健專屬人民幣理財計劃1701號4期 (Binhai Jinmangguo Stable RMB Financial product no. 1701 Series 4*) in the subscription amount of RMB200 million (equivalent to approximately HK$234 million as at 27 February 2017).

Since one or more of the relevant applicable percentage ratio (as defined under the Listing Rules) in respect of the subscription amount under the Binhai Wealth Management Agreement exceeded 5% but was less than 25%, the transaction contemplated under the Binhai Wealth Management Agreement constituted a discloseable transaction of the Company and was subject to the reporting and announcement requirements under the Listing Rules.

For details of the transaction, please refer to the announcement of the 27 February 2017.

SUPPLEMENTAL AGREEMENT TO CONTINUING CONNECTED TRANSACTIONS

On 17 March 2017, the Company entered into a supplemental agreement (the "Supplemental Agreement") with 津燃華潤燃氣集團有限公司 (Jinran China Resources Gas Co., Ltd*) ("Jinran Gas") to (1) a gas supply contract (the "2016 Gas Supply Contract") dated 31 October 2014 in respect of the supply of natural gas by Jinran Gas to the Company for the 12 months ended 31 December 2016 and (2) a gas supply contract (the "2017 Gas Supply Contract") dated 31 October 2014 in respect of the supply of natural gas by Jinran Gas to the Company for the 12 months ending 31 December 2017, to revise the unit price of natural gas (the "Price") and the settlement date for the gas charge for the period commencing from 20 November 2016 to 15 March 2017.

Pursuant to the Supplemental Agreement, the Price was amended from approximately RMB2.655 per cubic metre (tax excluded) to RMB2.204 per cubic metre (tax excluded) with the annual caps for gas charge for 2016 Gas Supply Contract and 2017 Gas Supply Contract remaining unchanged. Accordingly, the respective maximum volume of gas supply under 2016 Gas Supply Contract and 2017 Gas Supply Contract will be adjusted.

Pursuant to the Supplemental Agreement, the settlement day for the gas charge by the Company based on the actual consumption of natural gas by the Group during each month was amended from the 25th day to the 10th day of month.

Save as disclosed above, all the terms of the 2016 Gas Supply Contract and 2017 Gas Supply Contract remain unchanged.

For details of the transaction, please refer to the announcement of the Company dated 31 October 2014 and 17 March 2017.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the Listing Rules. The primary duties of the audit committee are to review and to provide supervision over the financial reporting process and risk management and internal control system of the Group. The Audit Committee comprises the three independent non-executive Directors, Mr. Guo Jia Li, Mr. Zhang Ying Hua and Mr. Yu Jian Jun. The Audit Committee has reviewed the annual results of the Company for the Year.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

By Order of the Board
Tianjin Jinran Public Utilities Company Limited
Zhang Tian Hua
Chairman

Tianjin, PRC, 22 March 2017

As at the date of this announcement, the Board comprises 5 executive Directors, namely Mr. Zhang Tian Hua (Chairman), Ms. Tang Jie, Ms. Wang Wen Xia, Mr. Zhang Guo Jian and Mr. Hou Shuang Jiang, 1 non-executive Director, namely Mr. Li Da Chuan, and 3 independent non-executive Directors, namely Mr. Zhang Ying Hua, Mr. Yu Jian Jun and Mr. Guo Jia Li.

* *for identification purpose only*